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SUBJECT: SEOUL - PRESS BULLETIN; November 20, 2009

TOP HEADLINES

Chosun Ilbo, Dong-a Ilbo, Segye Ilbo, Seoul Shinmun, All TVs
President Lee: "Seoul Willing to Talk Again with Washington
on Automobiles"

JoongAng Ilbo
Foreign Language High Schools Vow to Do Away with English Listening
and Oral Exams from Admission Procedures

Hankook Ilbo, Hankyoreh Shinmun
President Lee Hints at Additional Negotiations
on Automobile Issue

DOMESTIC DEVELOPMENTS

Presidents Lee Myung-bak and Barack Obama, during yesterday's summit
in Seoul, agreed to work together to move the KORUS FTA forward.
(All)

President Obama said during a joint press conference following the
summit: "We will be sending (Special Representative for North Korea
Policy) Ambassador Bosworth to North Korea on Dec. 8 to engage in
direct talks with the North Koreans." (All)

A Blue House official said yesterday that President Lee's remark,
"If the automobiles are a problem, we are willing to talk about it,"
does not mean renegotiation of the KORUS FTA, adding: "What he means
is that we are willing to listen to what the U.S. concerns are for
the automotive industry." (JoongAng, Segye)

In a related development, local experts speculated that Seoul may
make concessions in the automobile sector in exchange for
compensation in the agricultural and service sectors. (Chosun)

MEDIA ANALYSIS

-President Obama in ROK

The ROK media was dominated by coverage of yesterday's summit in Seoul between Presidents Lee Myung-bak and Barack Obama. Some of the media reported that the two leaders agreed to work together to move the KORUS FTA forward and to push for a comprehensive "grand bargain" to resolve the North Korean nuclear issue. Other media, however, noted that while President Lee used the term "grand bargain" in his statement three times, President Obama did not use the term.

Coverage highlighted the Presidents' statements during a joint press conference following the summit: "We will be sending (Special Representative for North Korea Policy) Ambassador Bosworth to North Korea on Dec. 8 to engage in direct talks with the North Koreans;" "One of my goals (regarding the ratification of the KORUS FTA) is to... make sure that we can create the kind of win-win situation that I know President Lee is interested in seeing as well" (President Obama); and "If the automobiles are a problem, we are willing to talk about it;" "These negotiations for denuclearization take time and may be difficult, but it must happen and I am confident it will." (President Lee)

According to media reports, it is the first time that the U.S. made public the date of the mission aimed at persuading North Korea to return to the Six-Party Talks. Left-leaning Hankyoreh Shinmun quoted a local pundit as commenting that President Obama's announcement of the trip in Seoul showed his determination about direct talks with North Korea.

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Newspapers carried the following headlines: "President Lee: 'Seoul Willing to Talk Again with Washington on Automobiles'" (conservative Chosun Ilbo, Dong-a Ilbo and Segye Ilbo); President Lee Hints at Additional Negotiations on Automobile Issue" (moderate Hankook Ilbo, left-leaning Hankyoreh Shinmun); and "ROK, U.S. Agree to Push for Comprehensive 'Grand Bargain' to Resolve N. Korea's Nuclear Issue" (moderate Seoul Shinmun)

Conservative Chosun Ilbo editorialized: "During this Asian tour, President Obama witnessed 'China's rise' and 'Japan's changed attitude' toward the U.S. ... The ROK and the U.S. should use the '2+2' (high-level security and defense) talks (they agreed to hold next year) as an avenue for strategic dialogue to discuss the overall political situation in East Asia, including changes in China and Japan. The ROK-U.S. alliance should not and cannot remain a relationship in which the U.S. supports the ROK and the ROK relies on the U.S. This is the alliance's future environment."

An editorial in right-of-center JoongAng Ilbo observed: "The summit sent a clear message to North Korea that it must not think about rupturing the U.S.-ROK alliance by trying to deal directly with the U.S. For North Korea, the only remaining path is returning to the Six-Party Talks and declaring its irreversible and verifiable nuclear dismantlement. ... The expected opposition to the trade pact by the U.S. auto industry and unions remains an obstacle, but that's not something to be resolved through renegotiation. The problem can only be resolved when U.S. automakers produce cars that are attractive to the Korean market."

Conservative Dong-a Ilbo argued in an editorial: "President Obama mentioned the U.S. trade imbalance with Asia as an obstacle to ratifying the KORUS FTA. ... While the U.S. trade surplus with China is \$300 billion and with Japan (it is) \$70-80 billion, Korea's trade surplus with the U.S. is merely \$8 billion. Given the money the U.S. makes through investment companies in the ROK or in the service sector, bilateral trade is pretty balanced. The U.S. argument for additional negotiations because of the trade imbalance is not convincing."

Left-leaning Hankyoreh Shinmun editorialized: "There is a great likelihood that the start of U.S.-North Korea dialogue will lead to a resumption of the Six-Party Talks and Japan-North Korea talks. ... What is worrisome is the hard-line attitude of our government toward North Korea, which is completely preoccupied with its policy of demanding that North Korea first dismantle its nuclear program."

ROK, U.S. LEADERS SHOW RESOLUTE ATTITUDE TOWARD N. KOREA
(Hankook Ilbo, November 20, page 39)

Yesterday's summit between ROK President Lee Myung-bak and U.S. President Barack Obama yielded good results. The two leaders had a shared understanding of their approach to the North Korean nuclear issue, which is at the core of (the two nations') attention. They also agreed to work together to move the Korea-U.S. Free Trade Agreement (KORUS FTA) forward. It is significant that both leaders agreed to further develop (the two nations') partnership into an exemplary strategic alliance of the 21st Century by faithfully implementing the "Joint Vision for the Alliance" adopted at the June 16 summit. Presidents Lee and Obama made no official mention of other delicate issues such as the ROK's troop deployment to Afghanistan. But we expect the ROK and the U.S. will find common ground (on these issues) based on mutual understanding and cooperation.

During a press conference following the summit, President Obama said, "President Lee and I are in full agreement on our common approach going forward (regarding the North Korean nuclear issue.)" This remark dispels misunderstanding and discord that have been brewing over a comprehensive "grand bargain" President Lee proposed in June. President Obama also showed the same position (on the

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North Korean issue) as President Lee when he strongly criticized North Korea for making little progress on key issues by alternating (between) provocations and conciliatory gestures, while just expecting concessions from other countries.

In addition, during the press conference, President Obama unveiled U.S. Special Representative for North Korea Policy Stephen Bosworth's specific schedule for his visit to North Korea next month. Above all, the announcement highlights the close partnership between the ROK and the U.S. as well as the ROK's role in the process of resolving the North Korean nuclear issue. Considering that Pyongyang has long desired Ambassador Bosworth's visit, by releasing the schedule in person, one could infer that President Obama lent some power to Ambassador Bosworth and at the same time showed regard for the Kim Jong-il regime.

Now the world's attention will focus on how sincere the North will be at bilateral dialogue with Bosworth's delegation. Pyongyang has said that after confirming the U.S.'s willingness to abandon its hostile policy (toward the North) through U.S.-North Korea bilateral dialogue, it will decide whether to return to the Six-Party Talks. Now is the time (for North Korea) to make clear whether it truly intends to give up its nuclear ambitions. As President Obama repeatedly emphasized during his Asia trip, there are two roads ahead of North Korea: (1) confrontation, or (2) survival through nuclear dismantlement. We, once again, urge the North to make a wise decision.

KOREA, U.S. MUST THINK ABOUT STRENGTHENING THE ALLIANCE
(Chosun Ilbo, November 20, 2009, Page 35)

President Lee Myung-bak, speaking at a press conference Thursday with U.S. President Barack Obama, said, "The relationship between our two countries is excellent and stands stronger than ever." Lee has met Obama three times over the last 10 months. "Obama's visit to Seoul is the last - and perhaps easiest - leg of an Asia trip in which he was forced to deal with a newly assertive Japan and an increasingly powerful China," The New York Times wrote.

During this Asian tour, President Obama witnessed 'China's rise' and 'Japan's changed attitude' toward the U.S. For more than half a century, Japan was America's closest ally in Asia, but recently announced it would seek a more "equal relationship" with the U.S., sending bilateral relations into uncharted waters. During his China

visit, Obama avoided mentioning sensitive topics, and Beijing, which has become the world's largest holder of U.S. Treasury bonds and one of the top two superpowers, confidently rejected certain U.S. demands, challenging the absolute dominance the U.S. had held in Asia.

Lee and Obama apparently discussed the issues of China's rise and the change in the U.S.-Japan alliance insofar as they affect the Seoul-Washington alliance. The U.S.-Japan alliance is closely linked to (the U.S. - ROK alliance) in the traditional tripartite structure in the region, while China is North Korea's sole ally and has a direct interest in issues involving the Korean Peninsula. The fact that China and the U.S. are in a tug-of-war over who dominates Northeast Asia and around the world means South Korea's security environment is undergoing a sea change.

The leaders of Korea and the U.S. agreed to hold a meeting of their foreign and defense ministers sometime next year, which marks the 60th anniversary of the outbreak of the Korean War, to discuss specific ways to develop the alliance. The U.S. already holds similar consultations with China and Japan.

A rapid shift in the balance of power in Asia to China is undesirable from Korea's point of view. The U.S. will have to re-evaluate the value of its relationships with Asian countries if China's influence in the region increases rapidly. The ROK and the U.S. should use the '2+2' (high-level security and defense) talks (that they agreed to hold next year) as an avenue for strategic dialogue to discuss the overall political situation in East Asia,

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including changes in China and Japan. The ROK-U.S. alliance should not, and cannot, remain a relationship in which the U.S. supports the ROK and the ROK relies on the U.S. This is a situation which the alliance must face in the future, and the relationship must adapt to changing conditions and move forward.

Lee and Obama spent the most time during the summit talking about the ratification of the Korea-U.S. free trade agreement, but once again failed to reach a definitive conclusion because the U.S. was unable to present a time frame for ratification. The U.S. government and Senate must realize that the FTA goes beyond trade and serves as a opportunity to upgrade the Seoul-Washington alliance while the diplomatic environment in Northeast Asia is undergoing rapid changes. Signed in March 2007, the FTA cannot continue in limbo forever. Korea and the U.S. must now handle all bilateral matters, including the ratification of the FTA, from the perspective of strengthening their alliance.

(This is a translation provided by the newspaper, and it is identical to the Korean version.)

LEE ADMINISTRATION IS MYOPIC ON FTA AND N. KOREA ISSUES
(Hankyoreh Shinmun, November 20, 2009, Page 31)

At a press conference following his summit meeting with President Lee Myung-bak yesterday, U.S. President Barack Obama said he plans to send Stephen Bosworth, U.S. Special Representative for North Korea Policy, to North Korea on Dec. 8 to begin bilateral talks with North Korea. The sanctions phase, which took shape as North Korea launched a satellite and conducted a nuclear test in April and May, is now entering a full-scale phase of negotiations as the two key nations talk directly to resolve the nuclear issue. We expect that with substantive and productive talks between the two sides, North Korea will quickly be able to return to the Six-Party Talks.

That Obama announced Bosworth's visit to North Korea in Seoul, the last stop on his Asia tour, is a courtesy to the Lee Myung-bak Administration, which has not spoken positively about dialogue. It is also a statement that stresses the reality that dialogue is the only choice. Although Obama did not use the phrase "Grand Bargain," as proposed by Lee, even once, he said the two countries shared the same approach to North Korea. Observers say that this could also be seen as a peck on the cheek for Lee. Since the U.S. will be engaging in North Korea-U.S. dialogue, Obama must have wanted to

hush up differences with Seoul and send an active message to Pyongyang.

There is a great likelihood that the start of U.S.-North Korea dialogue will lead to a resumption of the Six-Party Talks and Japan-North Korea talks. That Obama's announcement today came after prior fine-tuning with Japan and China, his previous destinations, lends even more support to this. There are even reports that Japanese Prime Minister Hatoyama Yukio is pushing to visit North Korea next month.

What is worrisome is the hard-line attitude of our government toward North Korea, which is completely preoccupied with its policy of demanding that North Korea first dismantle its nuclear program, just as it did during the Kim Young-sam Administration. The Lee Administration must realize that without improvements in the inter-Korean relationship, South Korea has no room to involve itself in Korean Peninsula issues, and should actively switch directions. It should also cleanly abandon the Grand Bargain, which is not gaining the official support of the U.S. and China, which are leading the dialogue phase over the North Korean nuclear issue, and merely gives the impression that South Korea is demanding that North Korea first abandon its nuclear program.

With the early ratification of the South Korea-U.S. Free Trade Agreement (KORUS FTA) -- the issue the South Korean government worked on the hardest during this summit -- it seems the Lee Administration "went out for wool and came home shorn." When Obama hinted at the automobile market issue, saying that there is a huge

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trade imbalance that the U.S. is concerned about, Lee responded by saying that if there is a problem in auto trade, South Korea is ready to talk again. Observers say this could be a virtual declaration that South Korea is willing to renegotiate the auto trade classes. If this is so, we cannot understand why there was a huge commotion to pass the ratification bill in the last National Assembly. We feel despair at the attitude of the Lee administration, which is being myopic, whether it is on the North Korea nuclear issue or the KORUS FTA.

(This is a translation provided by the newspaper, and it is identical to the Korean version.)

IT'S ALL IN THE DETAILS
(JoongAng Ilbo, November 20, 2009, Page 38)

U.S. President Barack Obama ended his brief 21-hour visit to Seoul and returned home. In comparison to his four-day stay in China, Obama spent less time with his South Korean ally, perhaps because there were fewer pending issues.

Yesterday's summit was the third meeting between Obama and President Lee Myung-bak, and they are building a deep friendship. They made public their efforts to cooperate on resolving the North Korean nuclear issue and ratifying the Korea-U.S. Free Trade Agreement. They also agreed to work together when Seoul hosts the G-20 summit next year and they vowed to collaborate to fight climate change, nuclear proliferation and terrorism. This is a good outcome.

The summit sent a clear message to North Korea that it must not think about rupturing the U.S.-ROK alliance by trying to deal directly with the U.S. For North Korea, the only remaining path is returning to the Six-Party Talks and declaring its irreversible and verifiable nuclear dismantlement.

It is also promising that Lee and Obama have agreed that the Korea-U.S. Free Trade Agreement is not only economically but also strategically important. In addition, it is fortunate that Obama has become aware of the fact that the U.S. trade imbalance with Asia has become an obstacle to Congress's ratification of the free trade agreement with Korea, although trade between the U.S. and Korea is relatively balanced.

The expected opposition to the trade pact by the U.S. auto industry

and unions remains an obstacle, but that's not something to be resolved through renegotiation. The problem can only be resolved when U.S. automakers produce cars that are attractive to the Korean market. And yet, Lee said that his government is interested in talking about the issue again, prompting the misunderstanding that he has signaled an intention to renegotiate.

Obama probably felt during his Asia tour that Korea is the most reliable ally for the United States in Northeast Asia. China is both a cooperative and competitive partner, while the new Democratic administration in Japan presents new challenges for the U.S.-Japan alliance.

Obama reaffirmed the U.S. commitment to defend South Korea with a nuclear umbrella and extended deterrence and has renewed his determination to upgrade the U.S.-Korea alliance to a strategic alliance for the 21st century based on the previous agreement. His remarks came at an appropriate time. In marking the 60th anniversary of the Korean War (1950-53), the two countries will hold foreign minister- and defense minister-level talks. The remaining task for the two governments will be to flesh out the specifics of their alliance.

(This is a translation provided by the newspaper, and it is identical to the Korean version.)

FINE-TUNING OF FTA POSSIBLE

(Dong-a Ilbo, November 20, 2009, Page 35)

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President Lee Myung-bak yesterday said that if the auto sector is an issue in the bilateral free trade agreement with the U.S., he is willing to talk about it again. Cars are a new variable in the deal's ratification process at a time when U.S. calls are growing over the renegotiation of the automotive portions of the deal. Both leaders spent a great deal of time discussing the agreement in yesterday's summit. They reconfirmed the economic and strategic importance of the accord, but showed that there is a long way to go before ratification.

The free trade deal is the joint achievement of the two countries after 14 months of arduous negotiations. Twenty-nine months have passed since the signing of the pact. In principle, it should come into effect after both countries ratify it, but fine-tuning of details without shaking up the framework of the deal is possible if additional discussion is needed because of Washington. President Lee's comment, however, should not signal renegotiation from the ground up.

President Obama mentioned the U.S. trade imbalance with Asia as an obstacle to ratifying the KORUS FTA. Though its trade deficit with Korea is not striking, the U.S. tends to see Asia as a group. While the U.S. trade surplus with China is \$300 billion and with Japan (it is) \$70-80 billion, Korea's trade surplus with the U.S. is merely \$8 billion. Given the money the U.S. makes through investment companies in the ROK or in the service sector, bilateral trade is pretty balanced. The U.S. argument for additional negotiations because of the trade imbalance is not convincing. Just like the American auto industry, Korea's agricultural and service sectors are dissatisfied with the agreement. The U.S. must recognize the potential win-win situation if it accepts Seoul's demands in the agricultural and service sectors in return for auto concessions to Washington.

The two leaders called each other "friends." The close relationship between them could serve as momentum for bilateral cooperation. If major issues such as the free trade deal and North Korea's nuclear program show no progress, however, their friendship and confidence could prove meaningless. Obama will send former U.S. Ambassador to Korea Stephen Bosworth, who is now Special Representative for North Korea Policy, to Pyongyang Dec. 8. If Obama considers President Lee a friend, he should tell Bosworth to clearly inform North Korea about the agreement between the two leaders - the principle of North Korea's denuclearization in a complete and verifiable way through

the Six-Party Talks.

(This is a translation provided by the newspaper, and it is identical to the Korean version.)

FEATURES

LEE, OBAMA TO PURSUE `GRAND BARGAIN` FOR NK NUKES
(Dong-a Ilbo, November 20, 2009, Front Page)

By Reporter Chung Yong-kwan

President Lee Myung-bak and U.S. President Barack Obama agreed yesterday to jointly pursue the former's "grand bargain" proposal to resolve North Korea's nuclear program in one stroke instead of phases. At the presidential office in Seoul, both leaders also held in-depth discussion on ratification of a bilateral free trade agreement signed two years ago.

President Lee mentioned the possibility of additional negotiations if the automotive industry blocks implementation of the accord, signaling a turning point in the stalled ratification process.

On his country's willingness to further open up its auto market, the South Korean leader told a joint news conference, "We have reached a free trade agreement with the European Union, which has big car

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manufacturers. The EU exports 50,000 cars to Korea."

"If the automotive issue is a problem in the U.S., we're willing to talk about it."

President Lee also stressed the need for the deal's early ratification, saying, "Each industry has a different position on the free trade agreement with the U.S. In Korea, the service and agricultural sectors still oppose it. From the broader perspective, however, it is beneficial for both countries."

On this, Trade Minister Kim Jong-hoon said, "President Lee didn't mean additional negotiations or renegotiation, just that we're willing to listen to U.S. concerns."

Obama said the two countries recognize that the agreement can strengthen bilateral ties not only economically but also strategically, but that what concerns the U.S. most is the growing imbalance in bilateral trade.

The U.S. trade deficit with South Korea is not salient but Congress tends to treat all Asian countries the same, he said, adding that American companies and the American people will strive to create a win-win situation by assessing the strengths and weaknesses of each individual country.

On North Korea's nuclear program, President Lee said, "We fully shared the view that the North Korean nuclear issue requires a definite and comprehensive resolution, as I described in my 'grand bargain' proposal, and (we have) agreed to closely consult on elaborating and implementing this approach."

To this, Obama said the two countries fully agreed to a common approach on the matter. He added that he will send former U.S. Ambassador to Seoul Stephen Bosworth, who is now Special Representative for North Korea Policy, to Pyongyang next month to begin bilateral talks with the communist country.

Obama has made it clear that the U.S. will provide economic aid to North Korea and help it join the international community only after it keeps its obligations and renounces its nuclear program through concrete and irreversible measures.

The two leaders also reaffirmed a strong defensive alliance,

including the U.S. provision of an extended nuclear umbrella. They agreed to hold a bilateral meeting of their foreign and defense ministers next year to mark the 60th anniversary of the outbreak of the Korean War.

After the summit, Obama had lunch with President Lee, visited the U.S. Army base in Seoul's Yongsan district, and boarded a flight home. (sic)*

(This is a translation provided by the newspaper, and it is identical to the Korean version.)

(*Editor's note: Although President Obama transited Yongsan Garrison, his visit with the troops was in Osan Air Base.)

LEE, OBAMA VOW TO RATIFY FTA NEXT YEAR
(Chosun Ilbo, November 20, 2009, Front Page)

By Reporter Joo Yong-joong

President Lee Myung-bak and his U.S. counterpart Barack Obama in a meeting at Cheong Wa Dae on Thursday agreed to try and ratify an epically delayed bilateral free trade agreement next year.

A Cheong Wa Dae official said, "President Lee spoke about a time frame (for ratification) that we wanted and President Obama said he understood Korea's position and said he would make an effort, but they decided not to include that in their official announcement due

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to the concern that such comments could upset U.S. lawmakers."

In an interview with Fox News in Beijing before flying over to Korea, Obama said, "The question is whether we can get it done in the beginning of 2010, whether we can get it done at the end of 2010. There are still some details that need to be worked out."

"We have put our teams in place to make sure that we are covering all the issues that might be a barrier to final ratification of the agreement," Obama said in a joint press conference with Lee after the summit. "And one of my goals is to... make sure that we can create the kind of win-win situation that I know President Lee is interested in seeing as well."

Lee said, "President Obama and I talked in detail again about how to move this agreement forward. If there are any problems in the automobile sector... then we are ready to resolve this issue."

Trade Minister Kim Jong-hoon later told reporters that this did not mean there will be a renegotiation of the FTA or a revision of the wording of the contract, but that Korea is willing to listen to U.S. concerns and try to come up with solutions or explanations. But it appears that Seoul cannot rule out additional discussions over the automotive portion.

A Cheong Wa Dae official said the two leaders also agreed on the need to persuade North Korea to scrap its nuclear program through bilateral talks with Washington and through the Six-Party Talks. They agreed the best way to do this is to offer a so-called "grand bargain" in a bid to dismantle North Korea's nuclear program in one single step rather than in incremental stages for piecemeal rewards.

"I reaffirmed my commitment to continue working together in the Six-Party process to achieve a definitive and comprehensive resolution of the nuclear issue," Obama said. "As a part of that effort, we will be sending Ambassador (Stephen) Bosworth to North Korea on Dec. 8 to engage in direct talks with the North Koreans."

Lee said, "Although a time frame has yet to be set, the sooner North Korean nuclear dismantlement talks start the better."

The two presidents agreed that their foreign and defense ministers will meet some time next year and discuss specific ways to develop the alliance. Next year marks the 60th anniversary of the outbreak

of the Korean War. A Cheong Wa Dae official said the talks would "broaden and deepen" diplomatic and security cooperation.

The two leaders also discussed the G20 Summit, which Korea will host next year, as well as efforts to deal with global warming. Obama thanked Lee for his decision to send more Korean troops to Afghanistan.

(This is a translation provided by the newspaper, and it is identical to the Korean version.)

FURTHER KOREA-U.S. FTA TALKS LIKELY TO FOCUS ON AUTOS, AGRICULTURE
(Chosun Ilbo, November 20, 2009, Page 3)

By Reporter Kim Jung-hoon

The stalled Korea-U.S. Free Trade Agreement, concluded in 2007, is getting a push for legislative approval in both countries following the summit between President Lee Myung-bak and U.S. President Barack Obama. Adding new momentum to the prospect of ratifying the FTA, Lee suggested that additional talks could help iron out U.S. concerns over the automotive segment of the deal. "If there are any problems in the automobile sector... then we are ready to resolve this issue," Lee said.

Working-level officials from the two sides could meet before the end of the year for further talks. But negotiations could be tense, as Korea will likely seek to make up for any concessions in the auto

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sector with reciprocal gains for its agriculture and service sectors.

U.S.

At a joint press conference following the summit, Lee said, "President Obama and I reaffirmed the economic and strategic importance of the Korea-U.S. Free Trade Agreement. We agreed to redouble our efforts to move the agreement forward." Obama said, "And one of my goals is to... make sure that we can create the kind of win-win situation that I know President Lee is interested in seeing as well."

The two leaders have virtually agreed on the general outline of the agreement, but some details need to be ironed out. The auto sector remains a sticky issue, as Washington has complained that exports of American automobiles to Korea are far too small compared to shipments of Korean cars to the U.S.

When the FTA was signed, Korea pledged to scrap its 8 percent tariff on U.S. car imports immediately after it becomes effective so there can be no dissatisfaction on the U.S. side in that area. U.S. officials are instead expected to ask that other conditions in the Korean market are eased, such as local taxes, environmental and safety standards, and other non-tariff barriers.

A Korean government official said, "We will decide whether or not to accept U.S. demands after hearing them first."

Korea

Experts believe that if Seoul ends up making concessions on autos then it will seek compensatory measures for the agriculture or service industries. At the press conference Lee indirectly pressured the U.S. by pointing out that the agriculture and service sectors in Korea are still strongly against the deal.

While the two sides will seek to find common ground on the key issues, it appears there will be no revision of the wording of the deal. A Foreign Ministry official said, "President Lee's comments referring to the agriculture and service sectors were his way of saying that the FTA was beneficial for both countries even though there are individual sectors that are against it." Washington appears to have recently concluded that the bilateral FTA would not be disadvantageous to the U.S. even if it is ratified in its present

form.

(This is a translation provided by the newspaper, and it is identical to the Korean version.)

LEE SAYS OBAMA AGREES ABOUT "GRAND BARGAIN"
(Chosun Ilbo, November 20, 2009, Page 4)

By Reporter Lim Min-hyuk

President Lee Myung-bak mentioned three times the idea of a "grand bargain" - a comprehensive rewards package for North Korea if it abandons its nuclear program - in a press conference with U.S. President Barack Obama on Thursday. Lee coined the term during his trip to the U.S. in September.

Lee said Obama "completely agreed" with the idea, but Obama did not use the term himself. Instead, he called it a "common approach" or "comprehensive resolution."

That appears to bother some Korean officials, who had hoped the U.S. president would come round to using the same terminology to dispel reports here that there was a rift between Seoul and Washington over the concept. Some muttered they would have liked Obama to use the term "grand bargain" as a courtesy to his host.

After Lee coined the term on Sept. 21, U.S. Assistant Secretary of State Kurt Campbell told reporters, "To be perfectly honest, I was

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not aware of that." That sparked suspicion that there was a lack of policy coordination between the allies. A source said, "Some U.S. government officials were not pleased with Korea's announcement, which was made before details of the proposal had been discussed and drawn up. But the misunderstanding was resolved through diplomatic channels later."

The source added Korea and the U.S. "have been working together from the start for North Korea's complete denuclearization in return for a comprehensive compensation package. It makes no difference whether the U.S. uses the term 'grand bargain' or not."

However, U.S. officials still do not use the term "grand bargain" in public.

(This is a translation provided by the newspaper. We have compared the English version on the website with the Korean version and added the last paragraph in English to make them identical.)

U.S. CALLS FOR FTA RENEGOTIATIONS IS AN ATTEMPT TO ARTIFICIALLY
ADJUST ITS MARKET SHARE
(Hankyoreh Shinmun, November 20, 2009, Page 5)

By Reporters Choi Won-hyung and Hwang Bo-yeon and Washington
Correspondent Kwon Tae-ho

Experts say S. Korea has already made a stunning number of auto concessions and recommends taking the initiative to renegotiate toxic terms

Analysts are saying the reason the U.S. is calling for renegotiations of the auto trade clauses of the South Korea-U.S. Free Trade Agreement (KORUS FTA) is due to the vast difference in the scale of auto exports between South Korea and the U.S. However, based on the far greater number of concessions made by South Korea to the U.S. in the agreement between the two countries already, some critics are charging that the U.S. calls for renegotiations are an attempt to artificially adjust its market share. Even the offices of the U.S. Trade Representative are calling it "managed trade," rather than "free trade."

Experts in South Korea are saying that no further concessions can be made because everything has already been given away. In the area of tariffs alone, South Korea has already agreed to immediately and

completely abolish its 8 percent tariff on imported automobiles when the agreement takes effect, while the U.S. has agreed to incrementally abolish its 2.5 percent tariff on automobiles of 3000cc displacement over a period of three years. The high tariff of 25 percent for pickup trucks, which are mainly supplied by the so-called "Big Three" automakers, is to be lowered over a period of ten years. Additionally, measures to revise taxation by changing the displacement standard, to adjust exhaust regulations to conform to U.S. standards, and to defer application of safety standards on U.S. cars for two years were benefits given to U.S. automobiles, which have large displacement.

On top of this, a "snap back" provision for quick conflict resolution was introduced that would immediately return tariffs to their previous levels in the event of a violation of the agreement. As a result of these stipulations, the prevailing view among observers is that the agreement already reached was a humiliating bargain for South Korea and that there is nothing left to give.

For these reasons, some experts are predicting that even if it is calling for renegotiations, it will be difficult for the U.S. to make any specific demands. Kim Ki-chan, professor of business administration at the Catholic University of Korea, says, "The imbalance in exports is the result of a loss of competitiveness by the U.S. automotive industry, which focuses on large models, so the call for renegotiations can be interpreted as meaning, 'We are going to raise our market share even if we have to force it.'"

Kim Pil-su, automotive engineering professor of Daelim University,

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says that the U.S. "has nothing clearly worth demanding." Kim also points out, "About all the U.S. can ask for is that the period for abolishing the tariff be put off another one or two years, and that is not something that can resolve the imbalance in exports." In other words, there is nothing left but measures that would artificially raise the South Korean market share of U.S. automobiles, and this inevitably goes against FTA principles.

As a result, President Lee Myung-bak's remark Thursday that "we are positioned to discuss things again" has provoked concerns over whether he is giving the U.S. an occasion to call for renegotiations, which might lead to even more concessions in the automotive area than were made in the previous agreement. One expert said, "It can essentially be interpreted as saying that we will have new negotiations or additional discussions." The expert added, "The wisest choice for our government would actually be to go on the offensive and demand renegotiation on toxic, unequal items and to adjust its speed while keeping an eye on discussions in the U.S. Congress."

(This is a translation provided by the newspaper, and it is identical to the Korean version.)

PRESIDENT LEE HINTS AT RENEGOTIATIONS ON FTA AUTO TRADE CLAUSES
(Hankyoreh Shinmun, November 20, 2009, Front Page)

By Reporter Hwang Joon-beom

Lee's remark on the KORUS FTA during the press conference following the summit with Obama leaves some confused

While speaking on the Korea-U.S. Free Trade Agreement (FTA), President Lee Myung-bak hinted Thursday that he would consider engaging in additional negotiations over the automobile sector if the U.S. requests it. President Lee's statement is expected to cause controversy. In addition, U.S. President Barack Obama used the visit in South Korea as a setting for announcing the schedule for the visit by Stephen Bosworth, U.S. Special Representative for North Korea Policy, to North Korea on Dec. 8 to engage in North Korea-U.S. dialogue.

At a press conference following his summit meeting with Obama, Lee said that if the U.S. has issues with the auto sector, South Korea is ready to talk again.

When asked by a U.S. reporter whether South Korea intends to renegotiate the FTA agreement on the auto sector, Lee responded by saying that South Korea has signed an FTA with the European Union (EU), another major car producer, and that if the U.S. and South Korea have an issue with the auto sector, they should be given a chance to reach a common understanding.

In response, Trade Minister Kim Jong-hoon, who attended the summit, said there could be no renegotiations to the text of the FTA agreement, and that Lee's comment should not be interpreted as anything more than a readiness to listen to what the U.S. side has to say. Another key Cheong Wa Dae official, who wished to remain unnamed, however, said the statement meant that if the U.S. proposes a plan, South Korea could consider participating in additional negotiations.

Experts say that President Lee's remark could mean that South Korea may yield on issues, such as the immediate abolition of tariffs on autos, by creating an addendum to the agreement. On the other hand, Trade Minister Kim says South Korea has no plans to renegotiate the provisions concerning the agricultural sector, where it seems South Korea will take a major hit.

Regarding the North Korea nuclear issue, President Obama said at the press conference that he plans to send Bosworth to North Korea on Dec. 8 to begin bilateral talks with North Korea. Bosworth's visit as a presidential envoy comes seven years after then-Assistant Secretary of State James Kelly visited Pyongyang and met with North

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Korean First Vice Foreign Minister Kang Sok-ju in October 2002.

Obama stressed, "Our message is clear. If North Korea is prepared to take concrete and irreversible steps to fulfill its obligations and eliminate its nuclear weapons program, the U.S. will support economic assistance and help promote its full integration into the community of nations."

Lee said the two leaders fully agreed on the need to present a package deal in the form of Lee's proposed "Grand Bargain" to resolve the North Korea nuclear issue, and that they agreed to discuss closely the specific content of such a bargain and how to promote it. Obama also stated that the two sides have agreed completely on a joint approach.

(This is a translation provided by the newspaper, and it is identical to the Korean version.)

OBAMA ANNOUNCES BOSWORTH'S N. KOREA SCHEDULE DURING SUMMIT IN SEOUL

(Hankyoreh Shinmun, November 20, 2009, Page 4)

By Reporter Lee Yong-in

U.S. shows an intention of both engaging in direct dialogue with N. Korea and maintaining cooperation with S. Korea on the nuclear issue

Experts are saying that U.S. President Barack Obama's decision to choose Seoul as the setting for his announcement on the schedule for the trip by Stephen Bosworth, U.S. Special Representative for North Korea Policy, to North Korea has symbolic meaning in itself. In addition, Obama appears to have shied away from making any statements that might provoke North Korea out of consideration for the upcoming bilateral dialogue between the U.S. and North Korea scheduled for Dec. 8.

Experts had actually already predicted that Bosworth's North Korea visit would be held early next month. The U.S. State Department formally announced the visit on Nov. 10, just before Obama's Asia tour, and gave the date as sometime "within this year." Informally, however, the State Department announced that it would be some time around early December, after the last week of November and the U.S. Thanksgiving holiday.

Yet, certain significance can be attributed to the decision to announce the schedule of Bosworth's visit to North Korea during the South Korea-U.S. summit. Kim Yong-hyun, a professor of North Korean studies at Dongguk University, says, "It shows President Obama's intention to have a direct dialogue with North Korea."

Another foreign policy expert interprets it as a "message to North Korea," a declaration of readiness to engage in dialogue with the country. In essence, it follows along with U.S. Secretary of State Hillary Rodham Clinton's formal announcement of the appointment of Bosworth, a former U.S. Ambassador to South Korea, as the Special Representative for North Korean policy, which she made during her visit to South Korea in February. An official with the South Korean government explained, "It shows that South Korea and the U.S. are cooperating well on the North Korea nuclear issue."

Obama also limited remarks about North Korea at the summit to a reiteration of his existing policy line on North Korea. Obama said Thursday, "If North Korea is prepared to take concrete and irreversible steps to fulfill its obligations and eliminate its nuclear weapons program, the U.S. will support economic assistance and help promote its full integration into the community of nations." Previously, following his Tuesday summit meeting with Chinese President Hu Jintao, Obama said that North Korea was at a crossroads of choosing between "the path of confrontation and provocation" and "becoming a full member of the international community." He also said at that meeting that North Korea would fail to prosper and find itself isolated if it continued engaging in

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confrontation and provocation. The basic gist of the statements then and now is similar, but observers are noting that Obama appears to have avoided using provocative expressions such as and "confrontation" and "isolation" in this announcement.

It is difficult, however, to predict the outcome of Bosworth's North Korea visit. At a press conference Thursday, Obama described the character of the upcoming North Korea-U.S. meeting as "talks." Observers are interpreting this to mean that an attempt will be made to assess each other's intentions rather than to mean that (actual) negotiations will take place. In contrast, North Korea wants to sit down with the U.S. and draw it into substantive negotiations.

Regarding what could possibly be brought up at the negotiation table, North Korea has repeatedly indicated that it will be placing priority on discussing "the issue of turning the hostile North Korea-U.S. relationship into a peaceful relationship." This means it is more interested in normalizing North Korea-U.S. relations and addressing security issues such as a peace system. In contrast, the U.S. is focused on urging North Korea to quickly return to the Six-Party Talks and to reaffirm its intent to abide by the joint statement of Sept. 19, 2005. However, analysts are saying that in order to persuade North Korea to return to the Six-Party Talks and denuclearize, the U.S. will have no choice but to reveal what will be given in return. Former Unification Minister Jeong Se-hyun said, "The contents of the package Bosworth carries with him to North Korea are important."

(This is a translation provided by the newspaper, and it is identical to the Korean version.)

SUMMIT FOCUSES ON NORTH KOREA AND FREE TRADE AGREEMENT
(JoongAng Daily, November 20, 2009, Front Page)

By Ser Myo-ja

Obama says Bosworth will go to Pyongyang on Dec. 8

The United States will send a special envoy to North Korea on Dec. 8 for direct talks on the nuclear impasse with the dictatorial regime, U.S. President Barack Obama said yesterday, vowing that Seoul and Washington shared a commitment to break the past pattern of rewarding Pyongyang for provocative behavior.

Obama and President Lee Myung-bak also promised (that they would make an) effort to seek ratification of the bilateral free trade agreement that was signed in 2007. Lee said his government is willing to discuss the thorny issue of automobile exports if that helps the stalled ratification process move forward in the U.S. Congress.

Following a summit that lasted more than an hour, Lee and Obama addressed the press at the Blue House.

"We will be sending Ambassador (Stephen) Bosworth to North Korea on Dec. 8 to engage in direct talks with the North Koreans," Obama told the media. It was the first time that the United States made public the date of the mission, aimed at persuading North Korea to return to the Six-Party Talks.

"I am satisfied that South Korea and the United States are cooperating closer than ever in resolving the North Korea nuclear issue," President Lee said, adding that he and Obama have agreed to resolve the situation through a comprehensive "grand bargain."

"The thing I want to emphasize is that President Lee and I both agree that we want to break the pattern that has existed in the past, in which North Korea behaves in a provocative fashion, and then is willing to return to talks for a while and then leaves the talks and then that leads to seeking further concessions," Obama said.

Lee said North Korea will face a new future if it takes the grand

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bargain offer, in which Pyongyang's nuclear arms programs will be exchanged for massive economic aid and the normalization of ties with the international community.

"I hope that by accepting our proposal, the North will secure its safety, improve the quality of life for its people, and open the path to a new future," Lee said.

Obama also pressured the North to seriously consider giving up its nuclear weapons programs, emphasizing that the "door is open." He also said the international community will not be distracted by side items that end up generating more meetings but little concrete action.

In addition to the nuclear impasse with North Korea, Lee and Obama also addressed the sensitive issue of trade liberalization between the two countries.

"President Obama and I reconfirmed the economic and strategic importance of the Korea-U.S. Free Trade Agreement and agreed to work together to move the trade deal forward," Lee said.

A senior Blue House official told JoongAng Ilbo that Lee proposed a time line to Obama, urging him to persuade the U.S. Congress to endorse the deal before the end of the first half of next year. While the U.S. president's reaction to the proposal was not immediately known, Obama made clear his commitment to forge ahead with the free trade agreement, saying that the deal will benefit both countries.

The free trade agreement was signed by the previous administrations in 2007. The last step to liberalize trade between Korea and the United States is ratification by their respective legislatures. U.S. automobile lobby groups have expressed dissatisfaction toward the deal, complaining that the Korean market was not sufficiently open to them. In contrast, the agreement has been criticized by farmers and service industry workers in Korea.

Obama said a team has been created under his administration to remove the obstacles.

"American companies and workers are very confident in our ability to compete," Obama said. "And we recognize that there is not only an economic, but a strategic interest, in expanding our ties to South Korea."

The American president also said the United States is concerned about the trade imbalance with Asia, although trade with Korea is relatively balanced.

"There has been a tendency, I think, to lump all of Asia together when Congress votes on trade agreements," Obama said, adding that his government and the business community will try to assess conditions with each country separately to create a win-win situation.

President Lee also said he is aware of the automobile issue and his government is willing to talk about the concerns. "In Korea, those in the service and agricultural industries oppose the FTA, but we are pushing it forward because it will benefit bilateral trade," Lee said. "If the automobiles are a problem, we are willing to talk about it. The European Union is a major automaker, but we signed an FTA with them."

Senior Lee administration officials explained that the president's remark does not mean renegotiation of the deal. "What he means is that we are willing to listen to what the U.S. concerns are for the automotive industry," said Trade Minister Kim Jong-hoon. The trade minister added that Washington will discuss the matter internally first and then contact Seoul. "Convincing Congress (to ratify the FTA) is an important task for Obama, and the U.S. president said the summit was helpful because he has earned some good points that he can refer to when persuading the legislature," Kim said.

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At the press conference, Lee and Obama said they have discussed plans to bolster the two countries' alliance. Marking the 60th anniversary of the Korean War, defense and foreign ministers of the two countries will have talks next year to discuss the specific future vision for the alliance, Lee and Obama said.

The U.S. president also said he has discussed global issues with President Lee, including Seoul's hosting of the G-20 summit and Korea's participation in the global efforts to rebuild Afghanistan. Climate change and clean energy were also discussed, Obama said, praising Korea's recent voluntary announcement of greenhouse gas emission cuts by 2020. Lee and Obama talked for more than an hour at the summit with only a few key aides accompanying them, the Blue House said. Foreign Minister Yu Myung-hwan, Trade Minister Kim and Senior Secretary for Economic Affairs Yoon Jin-sik are among the Korean aides who attended. Obama was accompanied by Susan Rice, U.S. Ambassador to the United Nations; Larry Summers, Director of the National Economic Council; Deputy National Security Adviser Tom Donilon, Assistant Secretary of State Kurt Campbell and Jeff Bader, the Senior Director for Asian Affairs at the National Security Council. The two leaders continued talks at a working luncheon with more officials present. Obama said he was a fan of Korean culture and barbecue. The Blue House said the U.S. leader was given a taekwondo uniform and books featuring Korean art and culture. The U.S. president left yesterday afternoon.

STEPHENS